

**MINUTES
SPECIAL MEETING
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**Friday, February 20, 2009
11:54 a.m., AZ Time**

The Arizona State Retirement System (ASRS) Board met in the 14th Floor Conference Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. Michael Townsend, Chair of the ASRS Board, called the meeting to order at 11:54 a.m., AZ time.

The meeting was NOT teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Michael Townsend, Chair
Mr. David Byers, Vice-chair
Mr. Christopher Harris
Mr. Jaime Gutierrez (via telephone)
Mr. Jim McLaughlin (via telephone)
Dr. Keith Meredith
Mr. Lawrence Trachtenberg
Mr. Steven Zeman
Mr. Tom Connelly

A quorum was present for the purpose of conducting business.

Mr. Michael Townsend opened the meeting by stating the purpose of the meeting was for the Board to evaluate themselves for calendar year 2008. Board Trustees considered the following statements taken from the Board Governance Handbook while reviewing their performance:

1. The Board maintains an effective oversight role with regard to benefit and investment issues.
2. The Board knows and understands the ASRS' mission and strategic plan, and reflects this understanding when addressing key issues throughout the year.
3. The Board engages in long-range strategic thinking and planning.
4. The Board has achieved the business objectives it set out to accomplish this past year.
5. The Board stays abreast of issues and trends affecting the ASRS, using this information to assess and guide the ASRS over the long term.
6. The Board conducts a comprehensive evaluation of the Director annually.
7. The Board ensures that new Trustees receive a prompt, thorough orientation.
8. Board meetings are conducted in a manner that ensures open communication, meaningful participation, and sound resolution of issues.

9. The Board meeting agendas are well-balanced, allowing time for the most critical issues.
10. The Board and Committee meetings are handled efficiently.
11. The Committees are effective, focusing on pertinent topics and allocating reasonable time.
12. The Board is well-educated on both benefit and investment issues.
13. The Board recognizes its policy-making role and reconsiders and revises policies as necessary.
14. The Board is consistently prepared for meetings.
15. The Board as a whole, and Trustees as individuals, evaluate their performance on an annual basis.
16. The Board reviews and adopts a reasonable operating budget that is followed and monitored throughout the year.
17. The Board periodically monitors investment performance and measures it against relevant benchmarks.
18. The Board periodically monitors service to members.
19. The Board comprehends and respects the difference between its policy-making role and the Director's management role.
20. Board goals, expectations, and concerns are promptly, candidly and effectively communicated to the Director.
21. The Board anticipates issues and does not often find itself reacting to "crisis" situations.

Trustees were also asked to identify the greatest achievements of the ASRS during the past year. The following were among items listed: Successful completion of the IT program including: electronic imaging, improved data integrity of member records, expansion of web services, online reporting of contributions; the modification of asset allocation for the "System" to mitigate risk; the continuation of the ASRS PRIDE initiative with emphasis on member services; successfully changing the international equity investment cap; better communication to members/retirees; the examination of alternative investments.

The Trustees also discussed the critical issues the Board should address in the future. The following were among items listed: "System" benefits; continuity of communication and transparency; intense and active progress on change of investment culture including: improved measures of results and procedures for identification and selection of subject matter experts; examine the assumed rate of return of 8%; reconstruct critical long-term projection studies; monitor the legislative initiatives; investment performance and effect on the fund; measure ASRS performance against other systems; the health care subsidy; contribution rate increases; hiring freeze effect on operations.

Mr. Jaime Gutierrez and Mr. Jim McLaughlin left the meeting at 12:58 p.m.

Call to the Public

No members of the public were present.

Adjournment of the ASRS Board

Mr. Townsend adjourned the February 20, 2009, Special Meeting of the Board at 1:08 p.m.

ARIZONA STATE RETIREMENT SYSTEM

Gayle Williams, Secretary Date

Michael Townsend, Chair Date